



Medium Term Business Plan 2026

FY March 2024～FY March 2026

11 May, 2023 Icom Incorporated President & CEO Hiroshi Nakaoka

アイコム株式会社



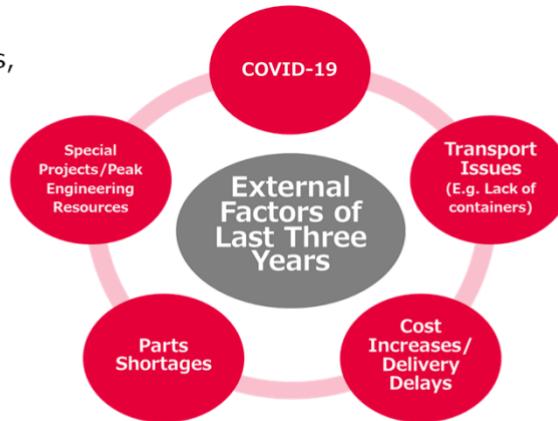
Introduction

Due to the prolonged outbreak of COVID-19, supply shortages of semiconductors and other production materials, the situation in Ukraine and other factors that diverged from the initially anticipated market background, Icom was unfortunately unable to fully achieve the final targets of the "Medium Term Business Plan 2023" and will thus begin a new medium term business plan.

The business environment was affected by lockdowns from COVID-19 and the worldwide shortage of semiconductors, compared to the time when the 2023 plan was formulated. However, from the latter half of 2021, the easing of restrictions on business activity starting in Europe and the United States, and also Japan, began to have a positive impact on the economy. However, there are still some economic uncertainties, such as global cost-push inflation caused by the situation in Ukraine and other factors, and the accompanying policy rate hikes in the United States and other countries.

On the other hand, since we have multiple fields of radio business categories, which is one of our unique advantages, we are less affected by external factors in any one field at the same time. In addition, demand in the radio communication industry is expected to remain firm due to increasing geopolitical tensions and heightened awareness of crisis management. We believe that demand in the radio equipment business will remain firm, and we will continue to pursue the management vision and basic strategies outlined in our "Medium Term Business Plan 2023".

Based on corporate activities in response to changes in the market environment over the past three years, we will implement new strategies to enhance corporate value over the next three years, with particular focus on profit growth.





Medium Term Business 2026 Plan Outline

■ Business Strategy

✓ Strengthening our Core Business

- Development of **new high frequency bands** and **new platforms**
- Developing "**Only Icom Can Do**" products in the satellite radio field
- Deployment of different **inter-protocol communication** know-how to other radio categories

✓ Challenge New Business Models

- Expand stock business **in overseas markets**
- **Strategic partnerships** with business synergies leveraging technology in key wireless categories

✓ Sustainable Management towards becoming a 100 year old Company

- Further improve our value proposition based on **sustainable management**
- Initiatives for **sustainable growth**(ESG)
- Continued **improvement and evolution** of manufacturing through robotic production and smart factories

■ Key Performance Indicators

New goals have been set to improve and optimize corporate fundamentals and/or ESG initiatives on the basis of sound business strategy and management.

	FY March 2024	FY March 2025	FY March 2026
Sales	¥35.0B	¥36.5B	¥38.0B
Operating Profit	¥3.0B	¥3.4B	¥3.8B
Dividend Policy*	Annual dividend per share of 50 yen or consolidated dividend payout ratio of 40%, whichever is higher.		

*Also refer to page 22

■ Financial Goals

Aim to maintain stable shareholder returns at all times, while expanding returns and realizing investment plans in line with targeted business expansion.

- More effectively use the Group's strong financial position (Focus on profit growth)
- Investing in further technological advancement (Including HR investment)
- Strategic expansion outside of core business categories
- Further improvement of the Group's working and engineering environment



Sustainability

= Icom: Towards a 100 Year Company =

Medium Term Plan 2023

(FY March 2021~FY March 2023)

- *Emergency COVID-19 measures
- *Transformation of earnings structure
- *Entry into different industries other than radio
- *Commercialization of manufacturing knowhow



Medium Term Plan 2026

(FY March 2024~FY March 2026)

The Road to 100

60th Anniversary: 2024

- *Strengthening company fundamentals to become a high-profit entity
- *Improving existing products performance and functionality
- *Products "Only Icom Can Do"
- *Evolve from two-way radio to system solution total producer company
- *Increase value proposition



Reaching 100

(FY March 2027~)

- *Further innovation of profit structure
- *Acquiring new wireless technologies
- *Integration with video, AI, and sensing technologies
- *Transition from sales business to system solutions business
- *Sustained increase in corporate value



Icom's Philosophy

■ Corporate Philosophy

A Fun Future and Enjoyable Technology Created by Communication

We will continue to study and challenge ourselves daily to enhance customer trust and satisfaction and to advance our technology and quality.

■ Brand Statement

How the World Communicates

What we can do.

We can provide advanced communication.

We can create a safe and prosperous society.

– How the World Communicates –

Icom connects the world with cutting-edge wireless technology and quality,
leading people and society into a brighter future.



1. Medium Term Business Plan 2023 Results

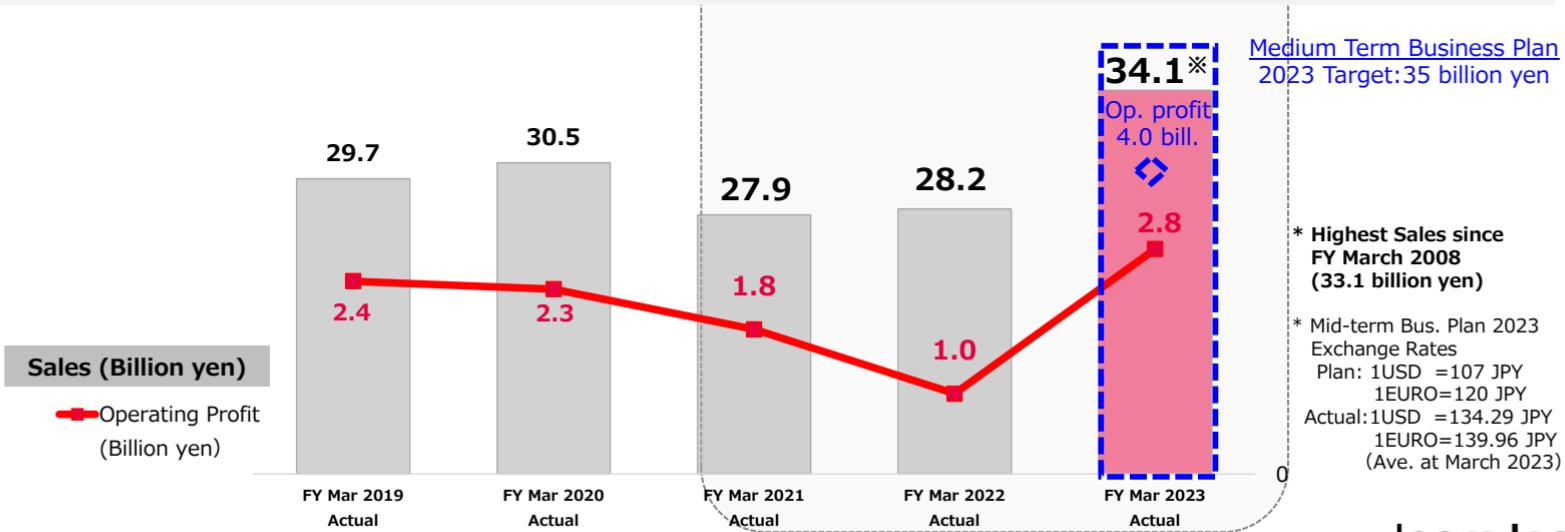


- Review of Results
- Changes in Business Environment
- Review of Medium Term Business Plan 2023

Review of Results: Sales Trend

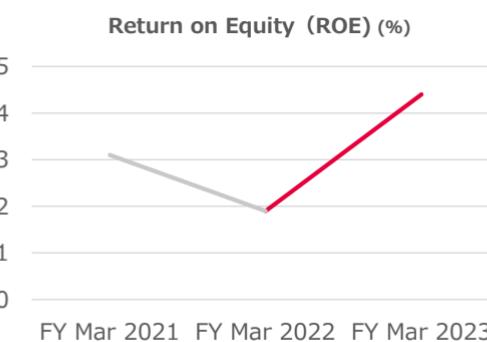
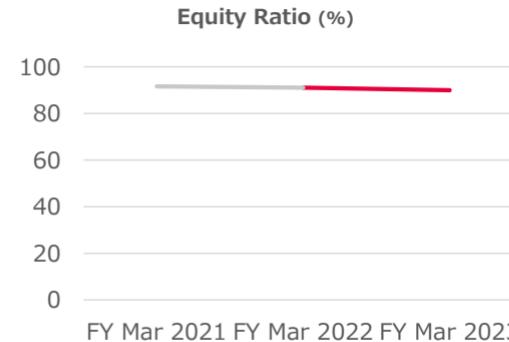
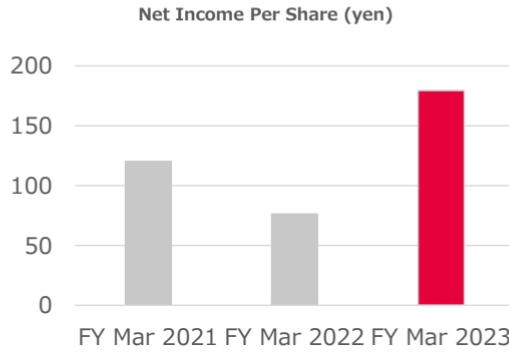
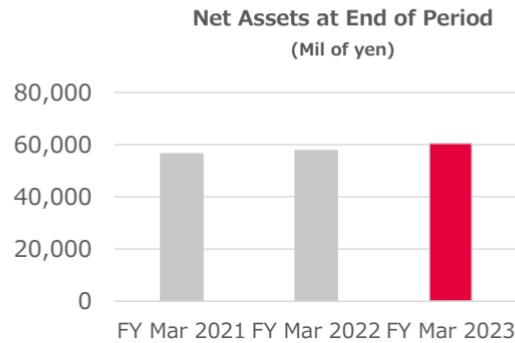
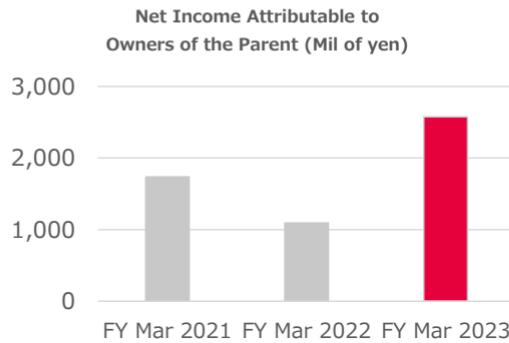
Due to a combination of external factors (prolonged COVID-19, supply shortages of semiconductors and other production materials, stagnant logistics, the situation in Ukraine, etc.), sales for the period through March 2022, the second year of the "Medium Term Business Plan 2023" were lower than planned. Profits were also down due to the impact of lower sales in the electronics industry in general, as well as lower gross profit due to soaring costs of raw materials such as electronic components and transportation, and an increase in testing and research expenses and commissions paid.

From the second half of the fiscal year ending March 31, 2022, the market and economy began to recover to pre-COVID levels, however the supply of semiconductors and other production materials remained insufficient, as well as an increase in SG&A expenses caused by yen depreciation, meant we were unable to achieve the final planned target.





Review of Results: Financial Highlights



Cash Flow (Mil of yen)

	FY March 2021	FY March 2022	FY March 2023
Cash Flow from Operating Activities	2,971	2,084	3,418
Cash Flow from Investing Activities	732	△3,435	2,484
Cash Flow from Financing Activities	△1,941	△717	△718
Cash and Equivalents at End of Year	24,125	22,489	27,978



Changes in Business Environment (FY March 2021~FY March 2023)

	Market Environment	
Political	➔ U.S.-China friction, protectionist trade trends, Ukraine crisis, etc.	
Economic	➔ Interest rate hike policies of central banks in various countries ➔ Soaring energy prices ➔ Economic slowdown due to lockdowns	
Social	➔ Prolonged Spread of COVID-19 ➔ Lockdowns from measures to prevent the spread of COVID-19	
Business Environment	➔ Shortage of semiconductor supply due to fluctuating demand for electronic devices, supply chain issues, etc.	
	Radio Transceiver Market	Customer/User Trends
	➤ Resurgence in interest and orders for amateur radio equipment, particularly during lockdown periods. ➤ Production adjustment and delays caused by parts shortages caused product delivery issues.	➤ Increase in crisis management awareness globally has led to increased awareness of the importance of radio communications. ➤ Accelerated shift to LTE (broadband) ➔ From voice communication only to multiple functions including image and data applications ➤ Increasing demand for satellite PTT operation due to improved recognition of the technology (Infrastructure diversification)



Review of Medium Term Business Plan 2023

Medium Term Business Plan 2023: Investment Performance During Three Years

		Plan	Result	Factors in Result vs Plan
Capital Investment	Robotic Production Line and IoT	2.5 billion yen	480 million yen	<ul style="list-style-type: none">We originally planned for all models to be produced by robots. However, looking at the results of the production efficiency, we determined that we could expect an increase in production efficiency by optimizing the placement and ratio of "automated processes" and "human work processes" throughout the factory. We will restart this project as a "Smart Factory" initiative that includes 5G technology.
	Establishment of Repair Factory Division	1.5 billion yen	-	<ul style="list-style-type: none">The establishment of an in-house repair center was completed. However, unlike the original plan, this was done using existing equipment and facilities. Contracting of other companies' products will be reviewed in consideration of the environmental impact.



Review of Medium Term Business Plan 2023

Medium Term Business Plan 2023: Investment Performance During Three Years

		Plan	Results	Factors in Results vs Plan
Research & Development	New Technology and Product Development Capabilities <ul style="list-style-type: none">Strengthen product competitivenessDevelopment of power-saving and environmentally friendly products5G/IoT technology initiativesExpansion of engineering resources	Maintain 12% Ratio to Consolidated Sales	3 year average 12.6%	<ul style="list-style-type: none">In the midst of severe economic fluctuations, we had to allocate unplanned engineering resources due to the shortage of semiconductors and discontinuance of products. However, the Company has continued to invest in R&D as well as in new product development and the required technological resources.
Others	Incorporation of Technologies from other Industries <ul style="list-style-type: none">Collaboration with third parties Strengthen Overseas Sales <ul style="list-style-type: none">Subsidiary expansionConsolidation of existing dealers into local subsidiaries	2.0 billion yen	-	<ul style="list-style-type: none">The Company temporarily suspended other investments due to rapid changes in the business environment caused by the stagnation of economic activities during COVID-19 and the sudden changes in the supply of semiconductors and other raw materials.We have been continuing to work on collaboration with other companies, which had been under consideration, from 2022 onward in particular.Expansion of subsidiaries, including improvement of the working environment, will be realized during the next medium term business plan period.

2. Medium Term Business Plan 2026

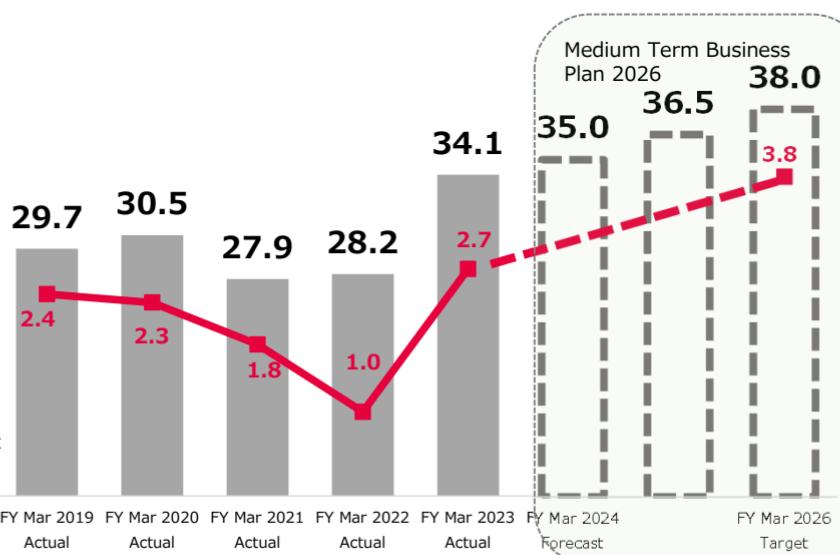


- Three Year Plan
- Business Environment and new Medium Term Business Plan Theme
- Market Trends: Communication Industry
- New Technologies
- Strengthening Our Business Base
- Long Term Vision
- Dividend Policy

Three Year Plan

FY 2026 Target

FY March 2026 Target		
Sales	Operating Profit	Operating Profit Ratio
38 billion yen	3.8 billion yen	10%



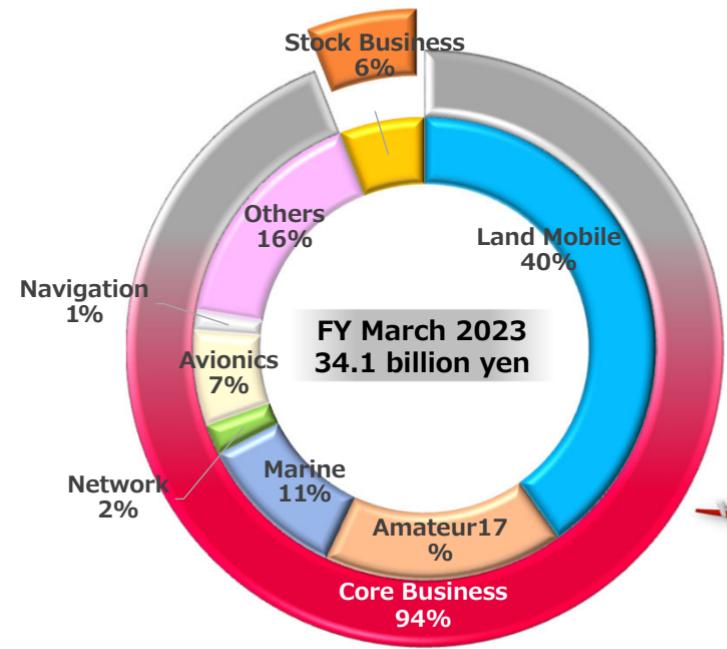
Profit Growth Measures

- Risk mitigation through the introduction of long-term foreign exchange forward contracts
- Reduce fixed cost ratio from increasing production capacity (70K units*→100K units) and continued automation
 - *March 2023 average monthly production numbers
- Stable supply of products and increased sales through further strengthening of cooperation with suppliers*.
 - *Both Suppliers and Distributors
- Further expansion of stock business and creation of new business



Three Year Plan

Portfolio Breakdown



Opportunities

- Further acceleration of LTE replacement and integration of IP technology along with replacement by digitization in the radio market.
- New technologies and business models in the AI and IoT fields will replace existing business models and stimulate new demand.
- Increased interest in sustainability. Movement to emphasize corporate commitment to social issues.

Risks

- Impact of new lifestyles after the end of COVID-19 on business and restructuring of the radio communication market. (which players will continue to survive)
- Prolonged supply risk of semiconductors and other production materials.
- Further increase in global geopolitical risks.
- Impact of U.S.-China trade friction on the global economy.

Themes

- Strengthening our corporate foundation to generate profits toward and support becoming a 100-year old company.
- Reinforcement of the corporate structure to generate stable earnings in response to market changes.
- To be a company that provides not only radio equipment but also total solutions incorporating various wireless technologies.
- Further enhance Icom's value proposition through strategic M&A and business alliances.



Market Trends: Communication Industry

Further Diversification of Communication Networks

■ Full-scale rollout of 5G infrastructure (True 5G performance)

- Full-scale low-latency and edge computing through SA* and network slicing
- Edge and cloud computing eliminates the need for storage media and high-speed processing functions built into terminals

*SA=Stand Alone: The state in which carrier networks are completely 5G.



■ Widespread use of satellite two-way communications

- Roll-out of high-speed data communication via commercial satellites will accelerate
- Increased need to ensure reliability of communication lines through redundant land and satellite infrastructure



■ Smart home/dedicated communication device proliferation

- Acceleration of Smart Home IoT standardization
- Increased use of LPWA systems such as LoRa/Wi-Sun/Sigfox
- In addition to lighting and air conditioning, IoT in the home for refrigerators, microwave ovens, washing machines, etc., is becoming more widespread



■ Increased use of wireless in primary industries (Agriculture, fishing, forestry, etc.)

- Contributing to manpower-saving needs through remote operation, remote monitoring
- Expanding use of drones in various fields
- Business expansion by combining sensor networks and satellite data



New Technologies

Wireless Technology other than Video, AI and Millimeter Wave

■ Fusion of video processing, AI processing technology, and sensing functions

- Strengthening our lineup of video transmission equipment
- Further functional improvement via the introduction of AI processing technology
- Introduction of products integrated with various sensors such as environmental and vital sensors



■ Acquisition of millimeter wave (Terahertz) wireless technology

- Development of products for millimeter wave band above 10 GHz
- Commercialization of 5G/6G millimeter wave band/terahertz band terminals using high frequency components available in the market
- Commercialization of both antenna and radio technology



■ Acquisition of wireless technologies other than radio

- In-house production of optical communication related products

■ Further transition from sales business to system solutions business

- Move to proposing optimal systems solutions in addition to the current stock business
- Incorporation of telecommunication system construction support services
 - ➔ Creation of System Integrator like business model



Strengthening Our Business Base: Core Business

Improved Performance and Functions of Products with New Platforms and Technologies

■ Amateur Radio

- Utilize technical know-how gained from digital technology and expand into other product categories
- Further improved usability and intuitive operation, expansion of requested/critical functions
- Restructuring of product lineup

■ Land Mobile Radio

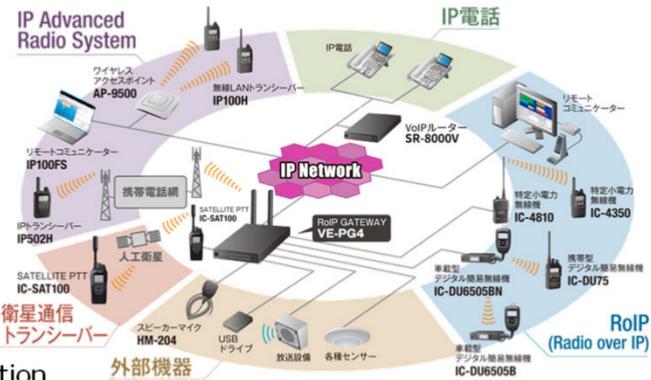
- Further improvement of design/components for downsizing/reducing power consumption ➔ Environmental considerations
- Development of functions for implementing video with radio products
- Common development, increased development speed through the introduction of new platforms
- Further evolution of encryption technology
- Provide product solutions, including optional items

■ Network

- Further development of IoT gateways for seamless/diverse communication
- Use signal processing technology to improve convenience for a diverse range of users, including medical, nursing care, and retail stores
- Next-generation deployment of existing products with 5G compatibility
- Increase cloud based/linked products and fixed RF networks solutions

■ User-focused Development

- Strengthen product capabilities by incorporating feedback from CX (Customer Experience)



Strengthening Our Business Base: New Business

A Total Wireless Provider via Narrowband RF Technology and Media Expansion

■ **AI Engine Core**

- AI functions that can be processed by general-purpose CPUs → Video analysis/audio/signal processing

■ **Development of video processing functions and devices**

- Implement video transmission functions to wireless devices by enhancing video processing functions (Data compression/decompression technology/camera devices, etc.)



■ **Development of various sensor technologies, IoT devices and other wireless application products**

- Develop smart wireless devices, propose solutions for healthcare, Smart Home and Smart Factory markets
- Development of wireless application products: E.g. Watchdog, lost-and-found tags, indoor location systems
- System on Chip and RF-IC development for advanced radio logic platform



■ **Expansion of stock business, establishment of system proposal and support business division**

- Expansion of overseas stock business through collaboration with telecom carriers
- Strengthen system integration and systems proposal business



■ **Exploring new communication methods**

- Development of communication methods using light and sound waves in addition to radio waves in the millimeter frequency band

■ **New market development combining traditional RF technologies**

- Introduction of various hybrid radios and deployment of new protocols (Digitalization, etc.)



Strengthening Our Business Base: Three Year Investment Plan

Further Improve Value Proposition based on Sustainable Management

Medium-term Business Plan 2026 Three year Investment Plan

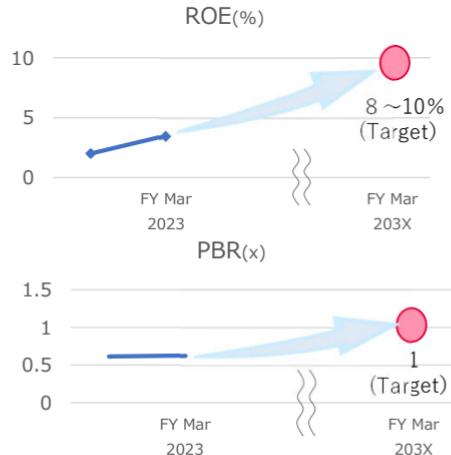
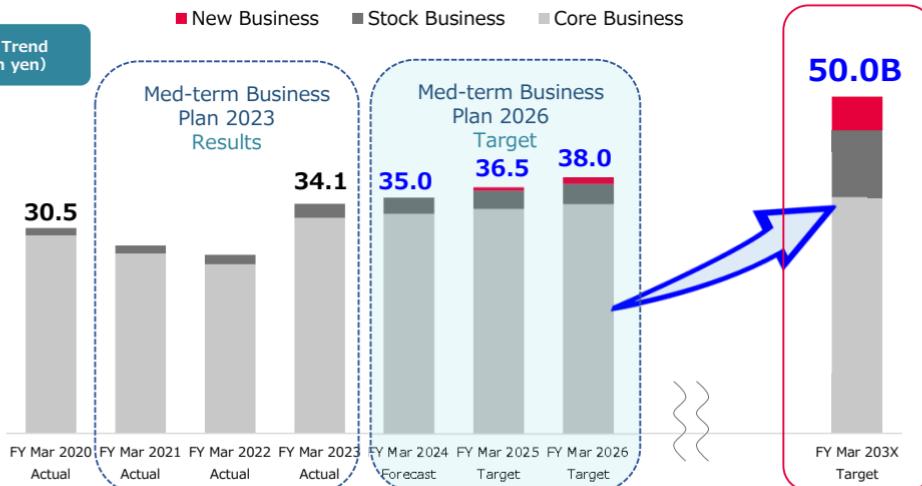
		Plan	Policy/Measures
Capital Investment	Redevelopment of the engineering environment/Office environment	3.5~4.0 billion yen	➢ Re-development/consolidation of engineering facilities. Consider rebuild/purchase of properties with aging facilities (E.g. head office, engineering bases, dormitories, sales offices etc.) ➢ Expand company owned offices for subsidiaries
Research & Development	Acquire New Technologies	5.0 billion yen	➢ Commitment to wireless-specific video technology, AI technology, and next-generation SoC/RF-IC development ➢ Initiatives for peripheral solutions for 5G and IP wireless systems ➢ Initiatives for Smart Factory (Introduction of 5G) ➢ Assist/promote efforts to standardize communication protocols invented and developed by Icom into global standards
	New Business	1.0 billion yen	➢ Product development efforts aimed at new markets ➢ Strategic M&A/business alliances with external partners ➢ Initiatives to promote R&D activities such as industry-academia collaboration
Others	Securing and developing human resources, etc.	500 million yen	➢ Secure human resources for new business initiatives ➢ Secure specialized personnel such as technical support overseas, experts in various industry associations, and specialized salespeople for specific markets ➢ Development of corporate infrastructure, including employee training by level and development of next-generation leaders

Long Term Vision

Be a manufacturer that supports society through wireless communication technology and sustainable development

- Reform profit structure by expanding stock business
- Entry into different industries other than radio
- Commercialization of manufacturing (Selling knowhow)
→ Become a system integrator for 5G introduction and smart factory

Within 10 years:
Consol. Sales
50 billion yen
ROE:8~10%
PBR 1 (Target)

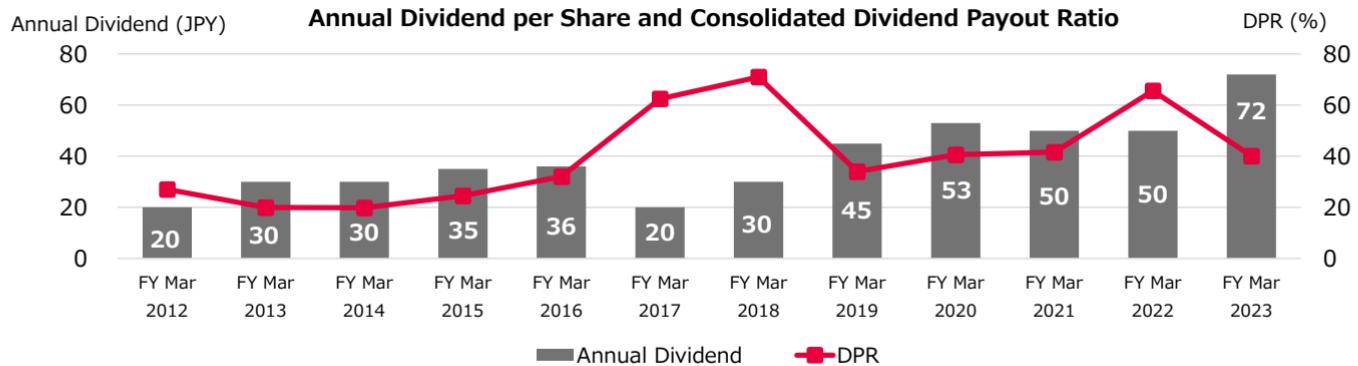


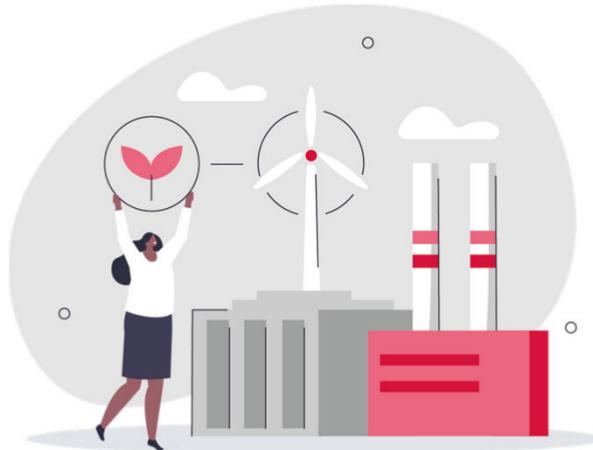
Dividend Policy

The Company has maintained stable profitability for 27 consecutive fiscal years while continuing to return profits to shareholders who have supported the Company. The Company has set the minimum amount of annual dividend per share at **50 yen or consolidated payout ratio at 40%**, whichever is higher.

Under the Medium Term Business Plan 2026, the following shareholder return policy will be applied until the final year of the plan, fiscal year ending March 31, 2026. We will continue to pay a minimum annual dividend of **50 yen per share or a consolidated dividend payout ratio of 40%**, whichever is higher.

In the event that the company achieves higher-than-expected profits, we will separately consider measures to further return profits to shareholders, as appropriate.



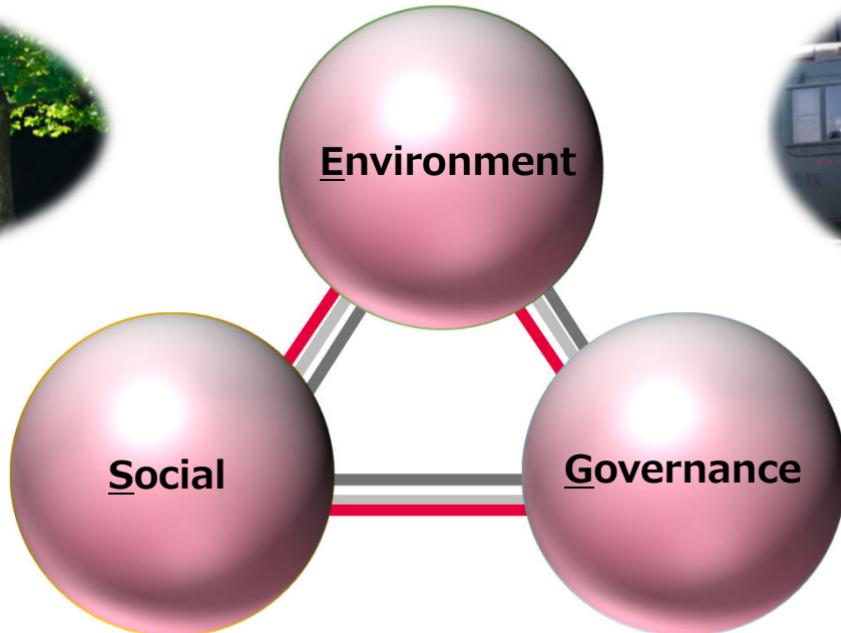


3. Icom's Environmental and Social Contribution Initiatives

- Initiatives for Sustainable Growth
→ ESG(TCFD Disclosure) / SDGs / CSR

Initiatives for Sustainable Growth: ESG

- **Reduction of carbon dioxide emissions**
(Task Force on Climate Related Financial Disclosures)
- **Reduction of waste in the manufacturing process**
- **Joint research through industry-academia collaboration**



- **Diversity**
- **Work-Life Balance**
- **Protection and management of personal information**
- **Promotion of women's professional activities**
- **Improvement of employee satisfaction**
- **Active investment in human resources**



- **Proactive information disclosure**
- **High awareness of capital efficiency**
- **Risk management**
- **Customer Satisfaction**
- **Innovation**

Initiatives for Sustainable Growth: SDGs/CSR

Icom will continue to create a safe and prosperous society by providing advanced communications with the goal of becoming a 100-year old company.

■ Manufacturing products for safety and security and supporting reconstruction

From satellite transceivers with redundancy that can be used as BCP measures in the event of a disaster to local community radios that promote activities to watch over the elderly and the community, we are creating products for the safety and security of people's lives.

- Lending of radio equipment to local governments and various organizations as disaster countermeasures and reconstruction assistance in the event of earthquakes and other disasters (In Japan and around the world).
- Cooperation in community activities and communications (e.g., participation in "joint training with the Ground Self-Defense Force and communications providers in Japan")
- Established a team for the maintenance and management of mobile communication equipment for disaster response, and carried out emergency transportation of radio equipment entrusted by public institutions to disaster-stricken areas, as well as demonstrations at disaster prevention events.

■ Effective use of resources

In accordance with the Green Procurement Standards, we manufacture our products using parts and materials with low environmental impact. In addition, Icom is a "radio manufacturer that can repair" which has become rare in recent years. We contribute to the effective use of resources by inspecting and repairing each part, rather than replacing malfunctioning parts with new ones, so that our products can continue to be used for a long time. In addition, each and every employee practices effective use of resources in their daily work by reducing packaging materials, promoting paperless operations, and saving power.

- Promotion of "ISO 14001" as our response to Environmental Management System implementation.



Initiatives for Sustainable Growth: SDGs/CSR

■ Creating a rewarding corporate culture

Aiming to be a company that survives 100 years, Icom is committed to sustainable management that transcends all boundaries and unites all people who support Icom, both in Japan and overseas, in order to realize our corporate philosophy, "A Fun Future and Enjoyable Technology Created through Communication".

We are also revitalizing the company by enhancing internal training by job level and implementing an internal recruitment system, as well as introducing the FSV (Flexible Summer Vacation) system, which allows employees to choose the timing of their summer vacation, and taking of childcare leave without regard to gender. In recent years, flex work hours and remote work, as a result of the COVID-19 pandemic, has enabled a new work/life balance for our employees. Icom is creating a corporate culture in which everyone can work with enthusiasm.





Notes Regarding Forward-Looking Statements

There are statements contained in this document that are deemed forward-looking statements regarding future business outlook of the Company.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially.

These statements are made as of the date of publication of this document, and the Company assumes no obligation to update or release forward-looking statements in the event that subsequent changes in economic or market conditions affect the Company's performance.

Risks and uncertainties that could affect actual results include, but are not limited to;

- (1) Economic conditions in major markets (e.g., Japan, the Americas, Europe, and Asia) and sudden changes in product supply and demand.
- (2) Change in trade regulations, laws, and regulations in domestic and major overseas markets.
- (3) Significant fluctuations in the exchange rate of the U.S. dollar, euro, or other currencies against the yen.
- (4) Significant market fluctuations in capital markets.
- (5) Changes in social infrastructure due to rapid technological change, etc.

However, there may also be other factors than the above that may affect business performance.



How the World Communicates

～コミュニケーションで世界をつなぐ～

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